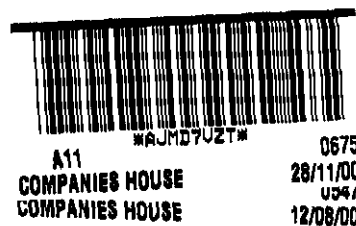


The Church of Jesus Christ of
Latter-Day Saints (LDS Social Services)

FINANCIAL STATEMENTS

for the year ended

31 December 1997



The Church of Jesus Christ of Latter-Day Saints (LDS Social Services)

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31 December 1997

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The Church of Jesus Christ of Latter-Day Saints
(LDS Social Services)
DIRECTORS AND OFFICERS

DIRECTORS

A K Broadway
R J Mawle
B P Jensen
B D Jacox

(Appointed 3 November 1998)

SECRETARY

A K Broadway

COMPANY NUMBER

1346482 (England and Wales)

REGISTERED CHARITY NUMBER

275643

REGISTERED OFFICE

751 Warwick Road
Solihull
West Midlands
B91 3DQ

AUDITORS

Baker Tilly
Chartered Accountants
Scottish Life House
154 Great Charles Street
Birmingham B3 3HN

BANKERS

Midland Bank Plc

The Church of Jesus Christ of Latter-Day Saints

(LDS Social Services)

DIRECTORS' REPORT

The directors submit their report and the financial statements of The Church of Jesus Christ of Latter-Day Saints (LDS Social Services) for the year ended 31 December 1997.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activities of the company are to arrange for the adoption and fostering of children and the provision of counselling services. No change is envisaged in the future. The company was formed as an unlimited company and is a registered charity.

RESULTS AND DIVIDENDS

The expenditure for the year has been met by a subsidy from the Corporation of the President of the Church of Jesus Christ of Latter-Day Saints and the Corporation of the Presiding Bishopric.

The directors do not recommend the payment of a dividend.

DIRECTORS

The following directors have held office since 1 January 1997:-

A K Broadway

R J Mawle

W G Reeves

B P Jensen

Chairman (resigned 10 March 1997)

Chairman (appointed 10 March 1997).

Mr B P Jensen retires by rotation and, being eligible, offers himself for re-election.

DIRECTORS' INTERESTS IN SHARES

None of the directors had, at any time during the year, a beneficial interest in the share capital of the company.

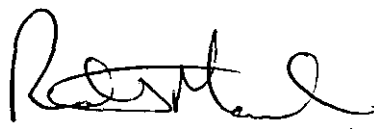
FIXED ASSETS

The changes in fixed assets during the year are explained in note 4 to the financial statements.

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board



26 March 1999

The Church of Jesus Christ of Latter-Day Saints (LDS Social Services)

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF
THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (LDS SOCIAL SERVICES)

We have audited the financial statements on pages 5 to 11.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures of the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1997 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BAKER TILLY

Registered Auditor
Chartered Accountants
Scottish Life House
154 Great Charles Street
Birmingham
B3 3HN

26 March 1999

The Church of Jesus Christ of Latter-Day Saints

(LDS Social Services)

STATEMENT OF FINANCIAL ACTIVITIES

31 December 1997

	<i>Note</i>	1997 £	1996 £
Incoming resources			
Charitable work performed		21,331	16,543
Subsidy from parent company		189,799	175,106
		<hr/>	<hr/>
Total incoming resources		211,130	191,649
		<hr/>	<hr/>
Resources expended			
Direct charitable expenditure	3	211,130	191,649
		<hr/>	<hr/>
Total resources expended		211,130	191,649
		<hr/>	<hr/>
Net Incoming/(outgoing) resources		-	-
Fund balances brought forward at 1 January 1997		-	-
		<hr/>	<hr/>
Fund balances carried forward at 31 December 1997		-	-
		<hr/>	<hr/>

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Statement of Financial Activities.

The notes on pages 8 to 11 form part of these financial statements.

The Church of Jesus Christ of Latter-Day Saints
(LDS Social Services)

INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 December 1997

	<i>Notes</i>	1997 £	1996 £
TURNOVER		21,331	16,543
Administrative expenses		211,130	191,649
		<u>(189,799)</u>	<u>(175,106)</u>
Subsidy from parent company		189,799	175,106
		<u> </u>	<u> </u>
Operating deficit and result for the financial year	1	-	-
Retained reserves brought forward		-	-
		<u> </u>	<u> </u>
RETAINED RESERVES CARRIED FORWARD		-	-
		<u> </u>	<u> </u>

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Income and Expenditure Account.

The notes on pages 8 to 11 form part of these financial statements.

The Church of Jesus Christ of Latter-Day Saints (LDS Social Services)

BALANCE SHEET

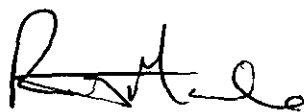
31 December 1997

	Notes	1997 £	1996 £
FIXED ASSETS			
Tangible assets	4	33,452	19,334
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors	5	303,438	88,640
Cash at bank and in hand		150	45
		<hr/>	<hr/>
		303,588	88,685
CREDITORS: Amounts falling due within one year	6	336,940	107,919
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(33,352)	(19,234)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		100	100
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	7	100	100
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS - UNRESTRICTED	8	100	100
		<hr/>	<hr/>

Approved by the board on 26 March

1999

R J Mawle



Director

The notes on pages 8 to 11 form part of these financial statements.

The Church of Jesus Christ of Latter-Day Saints (LDS Social Services)

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the Charities (Accounts and Reports) Regulations 1995, the Statement of Recommended Practice "Accounting by Charities" and under the historical cost convention and in accordance with applicable accounting concepts.

ACCOUNTING CONCEPT

The company's basis of accounting is that income is recorded on a cash basis. Expenditure is also recorded on a cash basis but modified for certain items of accrued expenditure. The effect of not preparing financial statements on the accruals basis is not considered by the directors to be material.

DEPRECIATION

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Motor vehicles

over 4 years

TURNOVER

Turnover represents the amount received for services provided. The directors consider that an analysis of the turnover by class of business and geographical area is not appropriate.

PENSION CONTRIBUTIONS

The company operates a defined benefit pension scheme, the assets of which are held separately. The costs of providing pensions for employees are charged to the income and expenditure account as incurred. No contributions were outstanding at the year end.

The Church of Jesus Christ of Latter-Day Saints (LDS Social Services)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1997

1	RESULT FOR THE YEAR	1997 £	1996 £
	This is stated after charging:-		
	Depreciation on owned assets	12,553	11,994
	Auditors' remuneration	1,250	1,104
	(Profit)/loss on disposal of tangible fixed assets	(3,947)	(1,294)

2	EMPLOYEES	1997 No.	1996 No.
	The average weekly number of persons (including directors) employed by the company during the year was:		
	Directors	3	3
	Counsellors	4	4
	Office staff	2	2
		9	9
		1997 £	1996 £
	Staff costs for the above persons:		
	Wages and salaries	132,286	119,350
	Social security costs	11,183	9,182
	Other pension costs	14,678	13,332
		158,147	141,864

DIRECTORS' REMUNERATION

None of the directors who served during the year ended 31 December 1997 received remuneration from this company, nor was any charge made to the company for their services by any other group company.

3	ANALYSIS OF TOTAL RESOURCES EXPENDED	Staff costs £	Other £	Depreciation £	Total £
	Charitable expenditure	158,147	40,430	12,553	211,130

The Church of Jesus Christ of Latter-Day Saints (LDS Social Services)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1997

4	TANGIBLE FIXED ASSETS		
			<i>Motor vehicles</i>
			£
	Cost		
	1 January 1997		47,977
	Additions		26,524
	Disposals		(10,698)
			<hr/>
	31 December 1997		63,803
			<hr/>
	Depreciation		
	1 January 1997		28,643
	Charged in the year		12,553
	Disposals		(10,845)
			<hr/>
	31 December 1997		30,351
			<hr/>
	Net book value		
	31 December 1997		33,452
			<hr/>
	31 December 1996		19,334
			<hr/>
5	DEBTORS	1997	1996
		£	£
	Due within one year		
	Amounts due from group undertakings	303,438	88,640
		<hr/>	<hr/>
		303,438	88,640
		<hr/>	<hr/>
6	CREDITORS: Amounts falling due within one year	1997	1996
		£	£
	Bank overdraft	342	15,833
	Balances due to group undertakings	336,598	92,086
		<hr/>	<hr/>
		336,940	107,919
		<hr/>	<hr/>

The Church of Jesus Christ of Latter-Day Saints (LDS Social Services)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1997

7	SHARE CAPITAL	1997 £	1996 £
	Authorised 100 ordinary shares of £1 each	100	100
		<u> </u>	<u> </u>
	Allotted, issued and fully paid 100 ordinary shares of £1 each	100	100
		<u> </u>	<u> </u>
8	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS - UNRESTRICTED	1997 £	1996 £
	Result for the financial year	-	-
	Opening shareholders' funds	100	100
		<u> </u>	<u> </u>
	Closing shareholders' funds	100	100
		<u> </u>	<u> </u>

9 ULTIMATE HOLDING COMPANY

The company is owned by the Church of Jesus Christ of Latter Day Saints (LDS Social Services), a company incorporated in the United States of America. Assurances of continued financial support have been received from this company.

The ultimate holding companies and controlling parties are The Corporation of the President of The Church of Jesus Christ of Latter-Day Saints and the Corporation of the Presiding Bishopric of The Church of Jesus Christ of Latter-Day Saints, companies incorporated in the United States of America.

10 RELATED PARTY TRANSACTIONS

During the year the company received a subsidy of £189,799 from The Corporation of The President of The Church of Jesus Christ of Latter-Day Saints. Balances due to and from group entities at the year end are disclosed in notes 6 & 5 respectively.

The company is provided with offices rent free by the Church of Jesus Christ of Latter Day Saints (Great Britain).